Zukerman entity ("M.E. Zukerman Investments plc") were the owners of the Oil Company at the time of the Oil Company sale to the third party in 2008; (ii) Bodley and M.E. Zukerman Investments plc had previously acquired their interests in the Oil Company by purchasing them from a MEZCO "affiliate"; (iii) Bodley had exchanged a $2.5 million note in order to acquire a 10% interest in the Oil Company; and (iv) Bodley's exchange of a $2.5 million note for its 10% stake in the Oil Company was based on a $25 million valuation placed by an investment banking firm on the full equity stake held by ZUKERMAN in the Oil Company.

32. On June 8, 2012, an attorney from the Law Firm sent an e-mail and a memorandum to MORRIS E. ZUKERMAN, the defendant, requesting that ZUKERMAN provide, for preparation of the tax protest letter, documents to support the oral representations made by ZUKERMAN concerning Bodley's acquisition and sale of its interest in the Oil Company. Among other things, the attorney requested that ZUKERMAN provide, "[d]ocumentation of Bodley's acquisition of partnership interest, and note of $2.5 million," as well as "[d]ocumentation of sale in 2008 and payment of $2.5 million note," so that the Law Firm could utilize the documents in the preparation of the tax protest letter. In a June 13, 2012 e-mail response to the

Law Firm's requests, ZUKERMAN told the Law Firm that he "will locate . . . and fax" the documents relating to the acquisition, and "definitely . . . provide" the documents relating to the sale and payment of the note, which ZUKERMAN claimed were in storage.

33. By June 22, 2012, the date on which the tax protest letter was scheduled to be sent to the IRS, MORRIS E. ZUKERMAN, the defendant, had failed to provide the attorneys from the Law Firm with the documentation they requested with respect to Bodley's interest in the Oil Company. Consequently, the final version of the tax protest letter, sent by the Law Firm to the IRS on or about June 22, 2012 and signed by ZUKERMAN under penalty of perjury, contained the false factual representations described in paragraph 31, above. Those factual assertions, known by ZUKERMAN to be false, were intended by ZUKERMAN and the Law Firm to lead the IRS Appeals officer handling his tax protest to reverse the determinations made in the Bodley audit.

34. Between June 2012 and 2014, when the IRS's consideration of the tax protest was halted, the Law Firm made at least four additional written requests of ZUKERMAN for documents supporting ZUKERMAN's claim that Bodley has acquired

and sold, during 2008, an interest in the Oil Company. ZUKERMAN failed to comply with each of the Law Firm's requests.

D. The False and Fraudulent Individual Income Tax Returns

35. For the tax years 2007 through and including 2013, MORRIS E. ZUKERMAN, the defendant, caused various tax return preparers - including Accounting Firm-2 and the Bookkeeper - to prepare U.S. Individual Income Tax Returns, Forms 1040, for himself and his wife, and for Family Member-1, Family Member-2, and Family Member-3, that claimed, in the aggregate, millions of dollars of false and fraudulent deductions and expenses. Those deductions and expenses, some of which are described in detail below, included Schedule A charitable contributions; Schedule C legal, professional, and advisory fee expenses; and Schedule A investment interest expenses.

36. In addition to signing and causing the preparation of Forms 1040 containing fraudulent deductions and expenses, MORRIS E. ZUKERMAN, the defendant, signed and caused to be filed with the IRS tax returns for himself and his wife for the 2008-2013 tax years that omitted significant amounts of income. The omitted income included funds diverted from companies ZUKERMAN controlled in order to pay compensation to

Household Employee-1 and Household Employee-2, and to pay for health care insurance for Household Employee-1 and Family Member-3.

(1) The False Charitable Contribution Deductions for the 2009 & 2011 Tax Years and the False Audit Response by MORRIS E. ZUKERMAN

37. In or about 2008 and 2009, MORRIS E. ZUKERMAN, the defendant, engaged in a series of discussions with a Maine-based land conservation entity ("the Conservation Entity") that was seeking to orchestrate the purchase, for conservation purposes, of approximately 240 acres of property located on Black Island, a small island located off the coast of Mount Desert Island in Maine, close to ZUKERMAN's home on a nearby island. Although ZUKERMAN discussed with representatives of the Conservation Entity various methods by which ZUKERMAN might participate in the land purchase, including through a potential charitable gift to the Conservation Entity, ZUKERMAN ultimately decided to purchase the land as the outright owner, for the benefit of ZUKERMAN and his family. ZUKERMAN's decision was confirmed in an e-mail sent to ZUKERMAN on September 21, 2009, in which a senior official of the Conservation Entity outlined the agreed-to "transaction structure," which involved "straight land purchases [by ZUKERMAN] without charitable donations or

deductions."

38. On September 22, 2009, MORRIS E. ZUKERMAN, the defendant, advised certain family members via e-mail of the structure of the agreement reached with the Conservation Entity, observing that "[t]here will be little tax advantage to the family under this structure." ZUKERMAN also observed, however, that pursuant to the agreement, the family "will own in fee the approx[imately] 250 acres" on the north and east sides of Black Island.

39. Consistent with the September 2009 discussions with the representative of the Conservation Entity, on or about December 15, 2009, MORRIS E. ZUKERMAN, the defendant, signed a written contact agreeing to pay $1,000,000 to a newly-formed entity, Conservation Land Development ("CLD"), set up by the Conservation Entity for the purpose of the land transfer, in exchange for which ZUKERMAN was to become owner of the 240 acres on Black Island. The contract specifically provided that ZUKERMAN was to make a $100,000 down payment upon execution of the contract, with the $900,000 balance to be paid at closing.

40. Pursuant to the terms of the contract, on or about December 18, 2009, ZUKERMAN caused $100,000 to be wire-transferred from a New York bank account maintained in his own

name to the Maine-based bank account of the attorneys for CLD, as the down payment. Following receipt of the down payment, a senior official of the Conservation Entity sent an e-mail ("the Acknowledgment E-mail") to ZUKERMAN on December 23, 2009 acknowledging the receipt of the funds and stating that the down payment would allow the Conservation Entity to complete an initial step of the transaction that would ultimately result in the closing of the land purchase by ZUKERMAN. The official also thanked ZUKERMAN for "working with [the Conservation Entity] to finalize the purchase and sale contract for the acreage on Black Island."

41. On or about February 16, 2010, in connection with the closing of the land purchase, MORRIS E. ZUKERMAN, the defendant, caused $900,000 to be wired from the New York bank account of MEZIL to the bank account of the Conservation Entity. As a result of the closing, on or about February 18, 2010, ZUKERMAN became owner of the 240 acres on Black Island, through a single-member limited liability company he caused to be set up for the land purchase, named Redentore LLC, of which ZUKERMAN was the sole member.

42. On or about October 12, 2010, in connection with the preparation of his 2009 Form 1040, MORRIS E. ZUKERMAN, the

defendant, faxed to Accounting Firm-2 a handwritten schedule of charitable contributions, on which ZUKERMAN falsely claimed that he had made charitable contributions to the Conservation Entity during the 2009 tax year in the total amount of $105,152. In truth and fact, ZUKERMAN had made no charitable contributions or gifts to the Conservation Entity for the 2009 tax year.

43. As a result of the information provided by MORRIS E. ZUKERMAN, the defendant, Accounting Firm-2 prepared a Form 1040 for MORRIS E. ZUKERMAN and his wife for the 2009 tax year that falsely and fraudulently claimed the $105,152 as part of ZUKERMAN's 2009 charitable contributions, of which $100,000 was, in truth and fact, attributable to the Black Island land purchase for ZUKERMAN's personal benefit and had no charitable component. ZUKERMAN signed the Form 1040 under penalty of perjury and caused it to be filed with the IRS on or about October 15, 2010.

44. On or about October 12, 2011, MORRIS E. ZUKERMAN, the defendant, informed an accountant from Accounting Firm-2 that the $900,000 that ZUKERMAN had sent to the Conservation Entity - which, unbeknownst to the accountant, was sent in order to complete ZUKERMAN's personal purchase of the land on Black Island - should be claimed as a charitable contribution to the

Conservation Entity on ZUKERMAN's Form 1040 for the 2011 tax year. Also unbeknownst to the accountant at Accounting Firm-2 was that ZUKERMAN had sent an e-mail on April 19, 2011, instructing the Bookkeeper at MEZCO to record the $900,000 sent to the Conservation Entity as a charitable contribution of MEZIL for the 2010 tax year.

45. As a result of the information provided to Accounting Firm-2 by MORRIS E. ZUKERMAN, the defendant, in 2011, and confirmed by ZUKERMAN via e-mail on October 9, 2012, Accounting Firm-2 prepared a Form 1040 for MORRIS E. ZUKERMAN and his wife for the 2011 tax year that falsely and fraudulently claimed the $900,000 land payment as part of ZUKERMAN's 2011 charitable contributions. ZUKERMAN signed the Form 1040 under penalty of perjury and caused it to be filed with the IRS on or about October 15, 2012.

46. In or about December 2011, the IRS commenced a random audit of the 2009 Form 1040 of MORRIS E. ZUKERMAN, the defendant, including an examination of the Schedule A charitable contributions and Schedule C expenses claimed thereon by ZUKERMAN. In response to the audit, on or about December 12, 2011, ZUKERMAN enlisted Accounting Firm-2 to represent him in his dealings with the Manhattan-based IRS auditor. As a result,

after obtaining an extension of time to respond to the IRS audit, Accounting Firm-2 requested that ZUKERMAN provide documentary support for the charitable contributions and Schedule C business expenses claimed on his 2009 tax return. In response, ZUKERMAN falsely claimed to Accounting Firm-2 that the $100,000 sent by him in December 2009 as the down payment for his personal purchase of the Black Island real estate was part of a charitable contribution to the Conservation Entity. In support of that claim, ZUKERMAN provided Accounting Firm-2 with a copy of the Acknowledgment E-mail, which ZUKERMAN falsely portrayed as an acknowledgment of a charitable gift to the Conservation Entity, when, in truth and fact, it was an acknowledgement only of ZUKERMAN's transmission of the $100,000 down payment.

47. In addition, MORRIS E. ZUKERMAN, the defendant, falsely claimed that three legal fee payments made by him to attorneys during 2009 were Schedule C business expenses. In truth and fact, the legal fee payments, totaling $17,688, were for legal work performed by Family Member-1's lawyer in connection with Family Member-1's personal purchase of a cooperative apartment in Manhattan ($9,775) and ZUKERMAN's purchase, for himself, of the Black Island real estate ($7,913).

48. On or about February 12, 2012, Accounting Firm-2 sent to the IRS various documents that MORRIS E. ZUKERMAN, the defendant, had provided as purported support for the charitable contributions and Schedule C expenses claimed on ZUKERMAN's 2009 tax return. Included among the documents were the Acknowledgment E-mail and the checks issued to the attorneys for the real estate purchases. As a result of the submission of the documents, the IRS was misled into concluding that all of the claimed charitable contributions and Schedule C expenses were valid.

(2) Creation of False Deductions Relating to Arkriver

49. In order to create fraudulent deductions for his Forms 1040 and those of Family Member-1, Family Member-2, and Family Member-3, MORRIS E. ZUKERMAN, the defendant, used the New York-based bank account of Arkriver, the dormant company he controlled, to make it appear that "financial advisory fee" checks and "interest payment" checks ZUKERMAN caused to be issued in the name of Arkriver, and deposited into Arkriver's bank accounts, were for legitimate advisory services performed by Arkriver and loan payments due and owing to Arkriver. In truth and fact, Arkriver, which had no employees and filed no tax returns for the period 1995-2014, did not provide any

genuine advisory services or loans to ZUKERMAN and his family members during the period 2007-2012. Moreover, the funds that ZUKERMAN caused to be deposited in Arkriver's bank account in New York, via checks payable to Arkriver and drawn on the accounts of ZUKERMAN and his family members, were frequently routed, or round-tripped, back to bank accounts of ZUKERMAN and his family members, at the direction of ZUKERMAN.

50. Between 2007 and 2013, MORRIS E. ZUKERMAN, the defendant, caused Arkriver's New York bank account to receive a total of $3,778,598 in funds, which originated from checks drawn on, or transfers made from, New York bank accounts of ZUKERMAN ($3,021,225), Family Member-1 ($207,011), Family Member-2 ($283,351), and Family Member-3 ($267,011). During that same time period, ZUKERMAN caused a total of $3,793,371 to be transferred back to accounts of ZUKERMAN ($3,359,338), Family Member-1 ($146,611), Family Member-2 ($146,211), and Family Member-3 ($146,211).

51. One example of the falsification, by MORRIS E. ZUKERMAN, the defendant, of purported Arkriver advisory fee and investment interest expenses through "round-tripping" occurred in 2010-11, when ZUKERMAN orchestrated the following sequence of events: (i) in late 2010 or early 2011, ZUKERMAN caused the

preparation and signing of two checks drawn on each of the custodial bank accounts of Family Member-1, Family Member-2, and Family Member-3 - one in the amount of $60,400 with "Financial Advisory Fee 2010" noted in the memo portion, and the other in the amount of $25,811.11, with a memo entry noting it represented "interest" due on a note; (ii) ZUKERMAN caused all six of those checks, which bore a December 31, 2010 date, to be deposited in Arkriver's New York bank account on February 10, 2011; (iii) on February 22, 2011, ZUKERMAN, through a letter of authorization sent to Arkriver's New York bank, caused $86,211.02 (the aggregate of the two checks for each of the family members, less nine cents) to be routed from the Arkriver account back to the personal bank accounts of each of the family members. Thereafter, despite the fact that each of the family members received back into their respective bank accounts the $86,211 purportedly paid to Arkriver, ZUKERMAN provided information to the Bookkeeper that caused $86,211 to be falsely claimed on each of the family member's Forms 1040 for 2010, as purported Schedule C ($60,400) and Schedule A ($25,811) expenses and deductions relating to Arkriver. ZUKERMAN thereafter caused Family Member-1, Family Member-2, and Family Member-3 to sign and file with the IRS false and fraudulent Forms 1040 for 2010.

52. Similarly, in late 2012 and early 2013, MORRIS E. ZUKERMAN, the defendant, caused the following sequence of events to occur: (i) on or about December 31, 2012, ZUKERMAN caused the preparation and signing of checks in the amount of $60,400 drawn on each of the custodial bank accounts of Family Member-1, Family Member-2, and Family Member-3, all of which were made payable to Arkriver and contained "Advisory Fee 2012" in the memo portion; (ii) ZUKERMAN caused all three checks, which bore a December 31, 2012 date, to be deposited in Arkriver's New York bank account on January 3, 2013, together with a check in the amount of $250,000, drawn on ZUKERMAN's personal account and payable to Arkriver; (iii) on January 4, 2013, ZUKERMAN caused $431,200 (the total of the three $60,400 checks drawn on the family member's accounts, plus the $250,000 check drawn on his own account) to be routed from the Arkriver bank account back to a personal account of ZUKERMAN; and (iv) in or about March 2013, ZUKERMAN caused Accounting Firm-2 to prepare Forms 1040 for Family Member-1, Family Member-2, and Family Member-3 for 2012 that falsely claimed $60,400 of Schedule C expenses relating to Arkriver. ZUKERMAN thereafter caused Family Member-1, Family Member-2, and Family Member-3 - who had no knowledge of the Arkriver checks, let alone anyone

from Arkriver providing services to their respective Schedule C businesses - to sign and file with the IRS the false and fraudulent Forms 1040 for 2012.

53. In addition to the foregoing, in connection with the preparation of his Forms 1040 for the 2010-2012 tax years, MORRIS E. ZUKERMAN, the defendant, falsely represented to Accounting Firm-2 that he had paid mortgage interest to Arkriver in the amounts set forth below during the tax years set forth below. That false information led Accounting Firm-2 to prepare, and ZUKERMAN to sign and file with the IRS, Forms 1040 that falsely claimed bogus mortgage interest deductions, as follows: $55,000 (2010); $55,000 (2011); and $64,400 (2012).

(3) The Creation of False Personal Deductions Relating to the Agricultural Loans

54. As noted in paragraph 12 above, San Ysidro Vineyards and United California Citrus were parties to agricultural loans with the Insurance Company requiring the payment by San Ysidro Vineyards and United California Citrus of principal and interest during various tax years, including 2011 and 2012. As a result of the accrual of its interest obligations during 2011 and 2012, San Ysidro Corporation claimed on its consolidated Form 1120 for 2011 and 2012 the full amount

of interest due on the agricultural loans with the Insurance Company.

55. For the 2011 and 2012 tax years, MORRIS E. ZUKERMAN, the defendant, schemed to create false and fraudulent investment interest deductions for himself and Family Member-1, Family Member-2, and Family Member-3, based on payments made by ZUKERMAN and those family members to the Insurance Company to satisfy certain interest obligations on the agricultural loans during 2011 and 2012. The deductions were false and fraudulent for at least three reasons: (i) neither ZUKERMAN nor his family members were parties to or guarantors of the agricultural loans, and thus were prohibited from deducting, on their Forms 1040, the interest payments they made on the loans; (ii) San Ysidro Corporation, as parent to San Ysidro Vineyards and United California Citrus, claimed on its consolidated Form 1120 the full amount of interest accrued on the agricultural loans for 2011 and 2012, thus rendering the deductions claimed by ZUKERMAN and his family members improper "double" deductions; and (iii) because ZUKERMAN and his family members were reimbursed by San Ysidro Corporation for the interest payments they made on the agricultural loans, neither ZUKERMAN nor his family members were out of pocket for any of the payments they made.

56. To generate the fraudulent deductions for Family Member-1, Family Member-2, and Family Member-3 for the 2011 tax year, MORRIS E. ZUKERMAN, the defendant, orchestrated the following series of events: (i) between late December 2011 and mid-April 2012, ZUKERMAN caused the issuance of checks in the amount of $24,020.63 drawn on the custodial bank accounts of Family Member-1, Family Member-2, and Family Member-3 and payable to the Insurance company, with each of the checks referencing "Interest on Loan" and "Loan #172019" in the memo section; (ii) ZUKERMAN caused each of the $24,020 checks to be sent to the Insurance Company, which deposited the checks on or about May 1, 2012; (iii) on or about May 4, 2012, ZUKERMAN caused $24,020 to be routed from San Ysidro Corporation's New York bank account back to each of the family member's custodial bank accounts, thereby reimbursing each for making the $24,020 payments; (iv) between February and October 2012, ZUKERMAN caused the Bookkeeper and Accounting Firm-2 to prepare Forms 1040 for Family Member-1, Family Member-2, and Family Member-3 that falsely claimed the $24,020 payments to the Insurance Company as Schedule A investment interest expenses for each family member; and (v) ZUKERMAN caused Family Member-1, Family Member-2, and Family Member-3 to sign the false 2011 Forms 1040,

which were thereafter filed with the IRS.

57. To generate the fraudulent deductions for MORRIS E. ZUKERMAN, the defendant, and Family Member-1, Family Member-2, and Family Member-3 for the 2012 tax year, ZUKERMAN orchestrated the following series of events: (i) on or about July 1, 2012, ZUKERMAN issued from his personal bank account a check in the amount of $222,768 payable to the Insurance Company and containing "Loan 176947" in the memo section; (ii) ZUKERMAN caused the $222,768 check to be sent to the Insurance Company, which deposited the check on or about July 9, 2012; (iii) on or about July 30, 2012, ZUKERMAN caused $234,768 to be routed from San Ysidro Corporation's New York bank account back to ZUKERMAN's personal account, thereby reimbursing him for making the $224,768 payment; (iv) on or about November 1, 2012, ZUKERMAN caused the issuance of checks in the amount of $24,020.63 drawn on each of his family member's custodial bank accounts and payable to the Insurance company, with each of the checks referencing "Loan #172019" in the memo section; (v) ZUKERMAN caused each of the $24,020 checks to be sent to the Insurance Company, which deposited the checks on or about November 1, 2012; (vi) on or about November 6, 2012, ZUKERMAN caused $24,020 to be routed from San Ysidro Corporation's New

York bank account back to each of the family member's custodial bank accounts, thereby reimbursing each for making the $24,020 payments; (vii) in or about March 2013, ZUKERMAN caused Accounting Firm-2 to prepare Forms 1040 for Family Member-1, Family Member-2, and Family Member-3 falsely reporting the $24,020 payments to the Insurance Company as Schedule A investment interest expenses for each family member; (viii) ZUKERMAN caused Family Member-1, Family Member-2, and Family Member-3 to sign the false 2012 Forms 1040, which were thereafter filed with the IRS; (ix) pursuant to an email sent by ZUKERMAN on or about October 7, 2013, ZUKERMAN caused Accounting Firm-2 to prepare a Form 1040 for himself and his wife that falsely claimed the $222,768 payment to the Insurance Company as a Schedule A investment interest expense for ZUKERMAN and his wife; and (x) ZUKERMAN signed the false 2012 Form 1040 and caused it to be filed with the IRS on or about October 15, 2013.

COUNT ONE

(Corruptly Endeavoring to Obstruct and Impede the Due Administration of the Internal Revenue Laws)

The Grand Jury further charges:

58. The allegations set forth in paragraphs 1-57 are realleged and incorporated as though fully set forth in this paragraph.

59. From in or about 2007 through in or about 2015, in the Southern District of New York and elsewhere, MORRIS E. ZUKERMAN, the defendant, did corruptly obstruct and impede, and endeavor to obstruct and impede, the due administration of the internal revenue laws, to wit: (a) by causing the evasion of corporate income taxes due and owing by MEZSOC to the IRS for the 2007 and 2008 tax years, as detailed in this Indictment; (b) by evading the personal income tax obligations due and owing to the IRS by ZUKERMAN and his wife, Family Member-1, Family Member-2, and Family Member-3 for the tax years 2008-2012, as detailed in this Indictment; (c) by signing, and causing to be filed with the IRS, U.S. Individual Income Tax Returns, Forms 1040, for himself and his wife for the tax years 2008-2012, which returns falsely and fraudulently omitted material amounts of income and claimed false deductions and expenses, as detailed in this Indictment; (d) by causing the preparation, and the filing with the IRS, of U.S. Individual Income Tax Returns, Forms 1040, for Family Member-1, Family Member-2, and Family Member-3 for the tax years 2008-2012, which returns claimed false and fraudulent deductions, as detailed in this Indictment; (e) by signing, and causing to be filed with the IRS, a U.S. Corporation Income Tax Return, Form 1120, for Bodley for the tax

year 2008, which return falsely and fraudulently claimed that Bodley had acquired and sold, during the 2008 tax year, an interest in the Oil Company; (f) by submitting to the IRS in June 2012 a tax protest letter containing various false statements, as detailed above; (g) by submitting false and misleading documents, and making false and misleading statements, to the IRS in connection with the audit of his 2009 Form 1040; and (h) taking various steps to conceal income received from, and ownership of, various corporations he owned and controlled.

(Title 26, United States Code, Section 7212(a).)

COUNT TWO
(Tax Evasion)

The Grand Jury further charges:

60. The allegations set forth in paragraphs 1-57 are realleged and incorporated as though fully set forth in this paragraph.

61. From on or about January 1, 2007 through in or about 2014, in the Southern District of New York and elsewhere, MORRIS E. ZUKERMAN, the defendant, did willfully attempt to evade and defeat a substantial part of the income tax due and owing to the IRS by MEZSOC, MORRIS E. ZUKERMAN and his wife, and